NAKHON PATHOM
RAJABHAT UNIVERSITY

Public Finance Administration

Asst. Prof. Dr. Thidarat Suebyart

The Objectives of Public Finance Administration

-To use fiscal tools (Fiscal Policy) to achieve the nation's core economic and social goals

-To know how to collect the taxation and how to expense the public expenditure

Concepts of Fiscal and Budgetary Management

Academic Framework of **Public Fiscal and Budgetary Management**

Focusing on the structure of government spending, revenue, and debt

History of Public Finance and Budget Administration

- **Fiscal Analysis:** Systematic study of revenue mobilization and expenditure frameworks
- Defining the state's influence within the broader economic system
- Evaluating the structural relationship between public governance and private markets

Categorizing Administrative Systems

Organic view

Mechanistic view

Organic view

- Focuses on flexibility and adaptation
- The government adjusts its policies and administration to respond to economic and social changes.
- Government organizations work through teamwork, cooperation, and communication across departments.

Mechanistic view

Planning

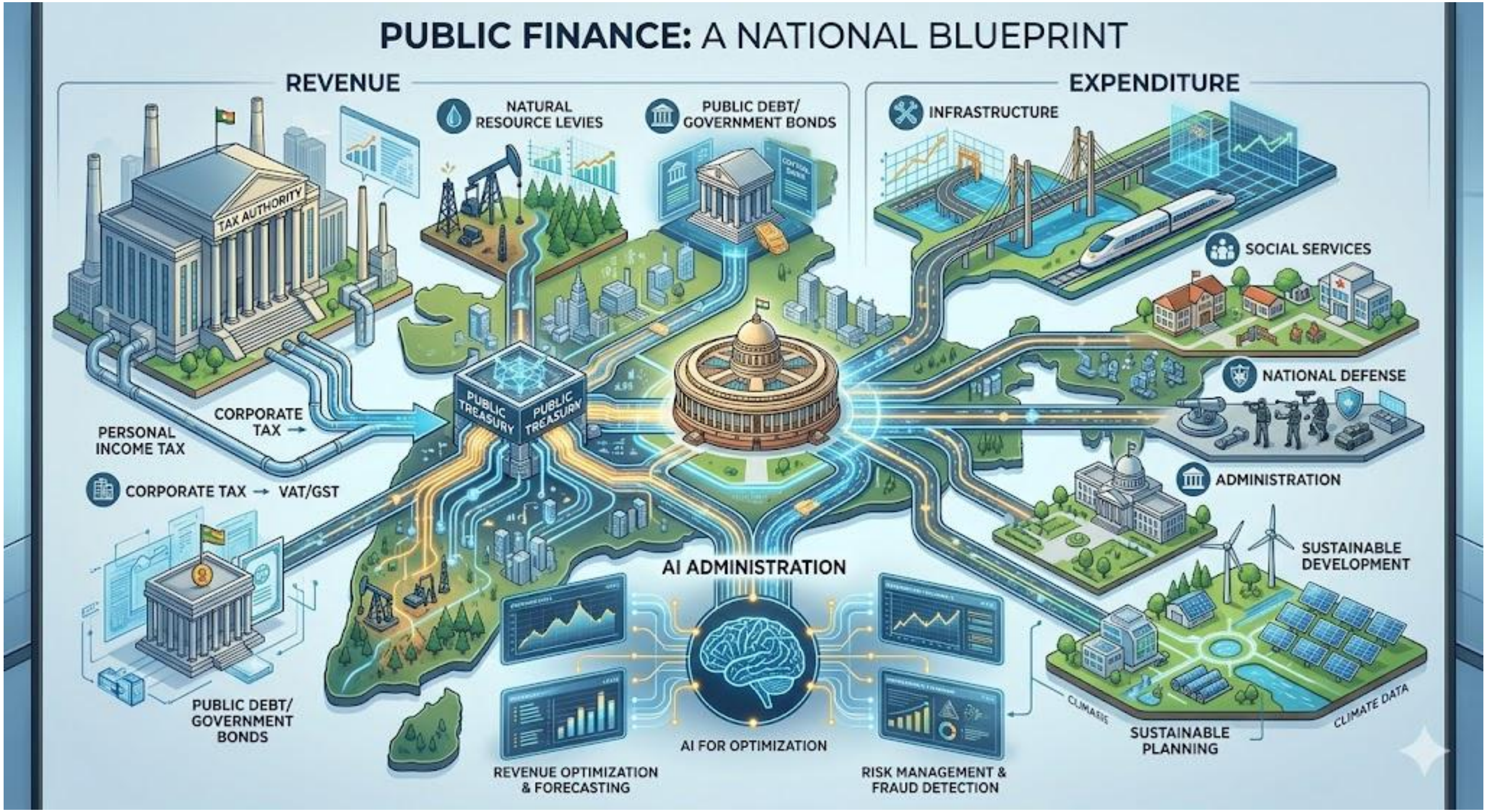
- Law or Rule
- The main role of the government is to maintain order, protect citizens, and provide public services.

Thomas Hobbes and Adam Smith

- The government works in a structured and systematic way.
- Government should ensure safety, justice, and basic infrastructure.

Economics

- The government should provide welfare services.
- To promote economic stability, social welfare, and equality in society
- To improve people's quality of life


PUBLIC FINANCE: A NATIONAL BLUEPRINT
REVENUE
NATURAL RESOURCE LEVIES
PUBLIC DEBT/ GOVERNMENT BONDS
TAX AUTHORITY
PERSONAL INCOME TAX
CORPORATE TAX →
CORPORATE TAX → VAT/GST
PUBLIC TREASURY
PUBLIC DEBT/ GOVERNMENT BONDS
EXPENDITURE
INFRASTRUCTURE
SOCIAL SERVICES
NATIONAL DEFENSE
ADMINISTRATION
SUSTAINABLE DEVELOPMENT
AI ADMINISTRATION
AI FOR OPTIMIZATION
REVENUE OPTIMIZATION & FORECASTING
RISK MANAGEMENT & FRAUD DETECTION
SUSTAINABLE PLANNING
CLIMATE DATA

Government Revenue

Direct taxes

+

Indirect taxes

→

Government collects revenue from taxes

Role of Revenue

- Government revenue is used as an economic policy tool.
- Taxes help guide economic activity.
- Revenue supports public services and development.

Government Expenditure

Public goods and services

Ex: education, healthcare, transport, security, public utility, public facilities etc.

Central and Local Government

- Both central and local governments have many roles.
- Local governments collect revenue and provide services.
- Goal: respond to public needs fairly

Public Debt

- Public debt occurs when spending exceeds revenue.
- Borrowing can be domestic or international.

Public debt

Debt must be controlled and managed.

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Public Debt Management Office

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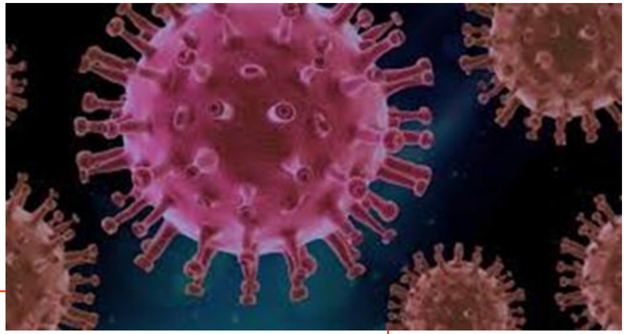
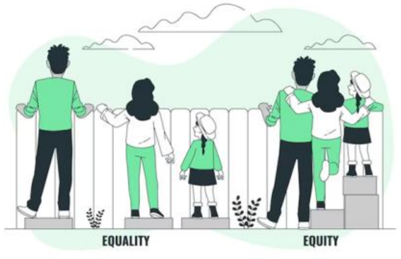
Debt Management

Debt Repayment and Crises



- Crisis
- Natural disasters, COVID-19
- Economic recession

Economic Relationships



- Revenue, expenditure, and debt are interconnected.
- Taxes affect people and the overall economy.
- Spending promotes welfare and equality.

Major economic perspectives include:

Economic perspectives

- Classic school
- Keynesian School
- Monetarist School

Economic perspectives

- Mixed / Neoclassical Approach
- Neoliberalism

Summary of Classical Economics: Free Markets

The economy is inherently stable and self-regulating

Principle of **Laissez-Faire**

The government should not interfere in economic activities.

The "Invisible Hand" and Self-Interest

Adam Smith

The Wealth of Nations, the concept of the **"Invisible Hand"**

The Wealth of Nations

- Own Self-Interest
- Incentive for innovation and efficient production

The Industrial Revolution

James Watt's steam engine, shifted production from agriculture to large-scale factory systems.

Mass Production

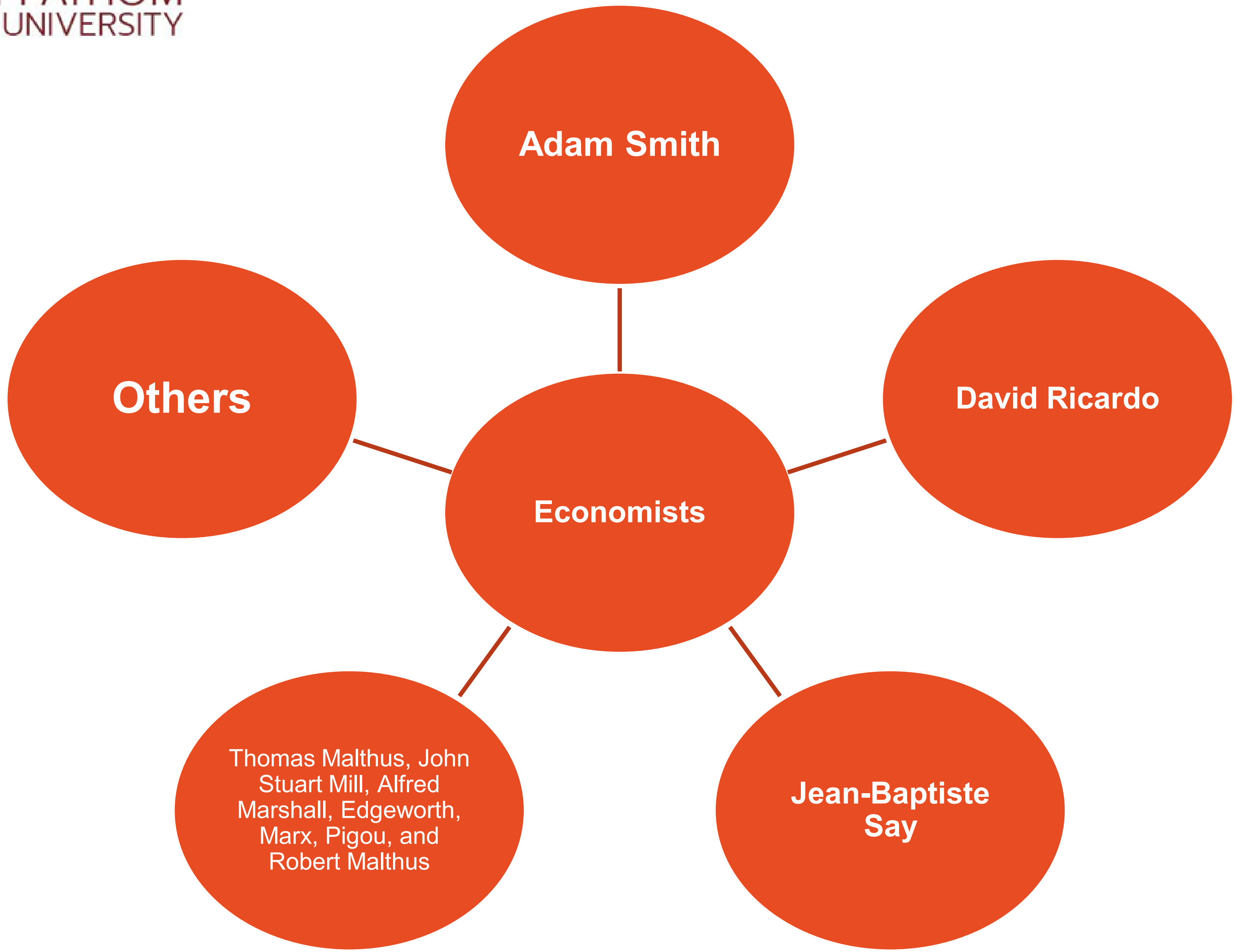
Freedom of Enterprise

Economic Principles

- High prices
- Incentivize higher supply

- Full employment
- Law of diminishing returns

- Comparative advantage
- Consumer sovereignty


Adam Smith
Others
David Ricardo
Economists
Thomas Malthus, John Stuart Mill, Alfred Marshall, Edgeworth, Marx, Pigou, and Robert Malthus
Jean-Baptiste Say

Transition to Other Schools

Classical School

- Invisible Hand

Great Depression

- Keynesian Economics
- Deficit Spending
- Tax Cuts

John Maynard Keynes

- *“The General Theory of Employment, Interest, and Money”*

Monetarism vs. Keynesianism: A Comparison

Feature	Monetarism (Friedman)	Keynesianism (Keynes)
Market View	Naturally stable; self-adjusting.	Inherently unstable; prone to slumps.
Role of State	Minimal; focus on law and monitoring.	Active; must intervene to fix instability.
Primary Tool	**Monetary Policy** (Money supply/Rates).	**Fiscal Policy** (Government spending).
Budgeting	Prefers stability and market freedom.	Uses **Deficit Spending** (Spending > Income).
Goal	Price stability and exchange rate control.	Full employment and stimulating demand.
View on Wages	Flexible; naturally reach equilibrium.	Rigid; wages don't drop easily (Sticky).

Middle Path (Centrism) and Sufficiency Economy

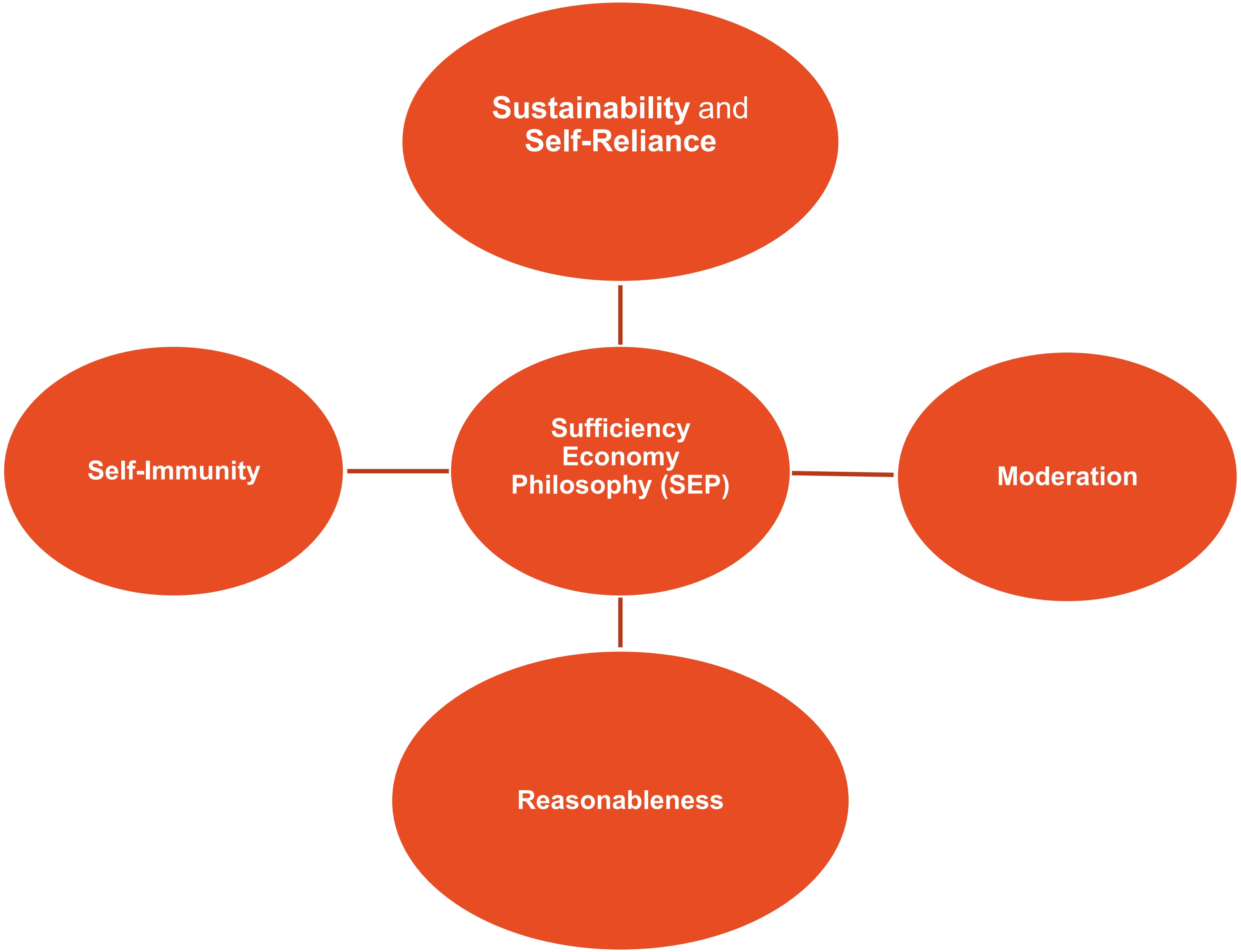
Middle Path

- Focuses on creating a balance in all dimensions of life

Middle Path

- **Self-control**

- **Moderation**


Sustainability and Self-Reliance
Self-Immunity
Sufficiency Economy Philosophy (SEP)
Moderation
Reasonableness

Comparison of Economic Schools of Thought

Feature / School	Classical Economics	Keynesian Economics	Monetarism	The Middle Path (Sufficiency Economy)	Neoliberalism
Economic System	Self-stabilizing; naturally tends toward equilibrium.	Inherently unstable during certain periods (e.g., recessions).	Generally stable if the money supply is controlled.	Focuses on balancing all dimensions without leaning toward extremes.	Supports perfect competition, free trade, and sustainable development.
Core Beliefs & Perspectives	Guided by the **"Invisible Hand"** (market forces), though influenced by capitalists/interest groups.	State intervention is necessary to stimulate demand and ensure full employment.	The state should **not** interfere; focus on controlling the money supply instead.	Focuses on removing obstacles that prevent market mechanisms from functioning properly.	The state's role is to prevent monopolies and protect market freedoms.
Fiscal & Budgetary Management	Relies on the **Price Mechanism** to drive the economy.	Prioritizes **Fiscal Policy** over Monetary Policy; uses **deficit spending** to stimulate employment.	Suggests wages are flexible enough to reach equilibrium naturally.	Utilizes **Progressive Taxation** to redistribute wealth.	Market-led efficiency; integrated with the **Philosophy of Sufficiency Economy**.
Key Thinkers	**Adam Smith**	**John Maynard Keynes** (Father of Macroeconomics)	**Milton Friedman**	**King Rama IX** (King Bhumibol Adulyadej)	**John Locke, John Stuart Mill**, and Friedrich Hayek (V. Coren)

Do you have any questions?
Thank you